GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4888
ANSWERED ON:31.03.2017
Payment Bank
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government accorded approval to some entities to operate as Payment Banks after demonetisation;

(b) if so, the details thereof along with the names and number of such entities which are operating in the country;

(c) the details of the facilities provided by these banks to their customers;

(d) whether Indian Postal Department has also got approval as Payment Bank and if so, the details thereof;

(e) whether this facility are available in all Post Offices in the country and if so, the details thereof and if not, the reasons therefor; and

(f) the details of rate of interest in savings on Payment Banks provided to the customers?

Answer

The Minister of State in the Ministry of Finance

(a) to (f): The Reserve Bank of India (RBI) has granted 'in principle' approval to 11 entities to set up payments banks. As on date the RBI has granted banking licence to the following payments banks:
â€¢ Airtel Payments Bank Limited
â€¢ India Post Payments Bank Limited
â€¢ Paytm Payments Bank Limited
â€¢ Jio Payments Bank Limited

Out of the above, Airtel Payments Bank Limited and India Post Payments Bank Limited have already commenced operations.

The guidelines for payment banks provide inter-alia that (i) eligible promoters can be non-bank Pre-paid Payment Instrument (PPI) issuers; and other entities like mobile telephone companies etc. (ii) shall primarily accept demand deposits upto maximum balance of Rs. 1,00,000 per individual customer. (iii) Issue ATM/debit cards, payments and remittance services. (iv) maintain CRR with the Reserve Bank on its outside demand and time liabilities and invest at least 75 per cent of its "demand deposit balances" in SLR eligible Government securities/treasury bills.

The primary objective of setting up of payments banks is to further financial inclusion by providing (i) small savings accounts and (ii) payments / remittance services to migrant labor workforce, low income households, small businesses, other unorganized sector entities and other users, by enabling high volume-low value transactions in deposits and payments / remittance services in a secured technology-driven environment.

Department of Posts has informed that India Post Payments Bank (IPPB) received a licence authorizing the bank to carry on Payments Bank business from the RBI in terms of Section 22 of the Banking Regulation Act, 1949 on 20/01/2017.

IPPB has launched operations in Raipur and Ranchi with 8 access points (post offices) on 30/01/2017 and currently the services offered by IPPB are available at these access points only. The services of IPPB would be available through all post offices after the phase wise roll out of IPPB in all post offices of India. The rate of interest in savings on IPPB is 5.5% uniformly.
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